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May 4, 1993

Ms. Donna Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 93-22
RM-7990
Policies and Rules Implementing the Telephone
Disclosure and Dispute Resolution Act.

Dear Ms. Searcy:

Enclosed please find an original and nine (9) copies of [illegible]

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of	)	
	)	
Policies and Rules Implementing the Telephone Disclosure and Dispute Resolution Act	)	CC Docket No. 93-22 RM-7990

REPLY COMMENTS
OF VRS BILLING SYSTEMS, INC.

VRS BILLING SYSTEMS, INC.

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May 4, 1993

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of Policies and Rules Implementing the Telephone Disclosure and Dispute Resolution Act	)	CC Docket No. 93-22 RM-7990

REPLY COMMENTS
OF VRS BILLING SYSTEMS, INC.

VRS Billing Systems, Inc. ("VRS"), by its attorneys, hereby files these reply comments on the rules proposed by the Federal Communications Commission ("FCC" or "the Commission") pursuant to the Telephone Disclosure and Dispute Resolution Act of 1992 ("TDDRA").[1]

I. STATEMENT OF INTEREST

VRS is a "third party" billing company which performs billing and collection functions for information providers ("IPs") and interexchange carriers ("IXCs"). The services which VRS provides generally replace telephone company billing with a direct bill from the IP to the consumer. Included among VRS's services to IPs are bill processing and mailing, customer inquiry and response, and payment processing and handling. VRS prepares these bills electronically using computer tapes containing call

[1] Notice of Proposed Rule Making and Notice of Inquiry, CC Dkt No. 93-22 (rel. March 10, 1993) ("NPRM").

information gathered by the IP, its service bureau, or the interexchange carrier involved.

VRS commenced operation in December, 1990 and now processes about 500,000 bills per month for pay-per-call services. This rapid growth is attributable to many factors, but primarily to the higher quality data processing and handling capabilities which a small, specialty organization can provide when compared to the telephone companies. VRS believes that third party billing provides a positive and significant service to the pay-per-call industry.

The rules proposed by the Commission in this docket will have an obvious impact on pay-per-call providers and third party billing companies. For this reason, VRS offers the following reply comments on the proposed rules.

II. DISCUSSION

VRS addresses the questions in the NPRM in the order in which they were raised.

"Termination" for Non-compliance

Under the terms of the TDDRA, a carrier must terminate a pay-per-call program if that carrier knows or reasonably should know that the service is not being offered in compliance with Titles II and III of the TDDRA and related

FTC regulations.[2] VRS believes that the phrase "terminate the pay-per-call program" is ambiguous and that the Commission should announce a clear definition of that phrase to facilitate carrier compliance. In particular, the Commission should state whether a cessation of billing amounts to "termination" under its rules or whether the Commission will insist upon the termination of transport as well.

VRS supports the proposed requirement that a carrier must terminate a pay-per-call program when it "knows or reasonably should know" that the service is not being offered in compliance with the TDDRA and FTC regulations. Furthermore, it agrees with a number of commenters that the regulation should not be understood to require the active policing of pay-per-call programs by carriers.[3] Such content-policing would be costly, time-consuming, and unnecessary. The Commission should clarify its rules to state that a carrier "reasonably should have known" that a pay-per-call program is in violation of the rules only when it has received a complaint alleging such a violation. When a complaint is received, the carrier then, of course, would be under an obligation to investigate.

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[2] 47 U.S.C. § 228(c)(2).

[3] AT&T Comments at 4-5; Pacific Bell Comments at 10; MCI Comments at 5; Sprint Comments at 7.

Limitation to 900 Prefix

VRS agrees with the Commission's conclusion that the public interest would be served by requiring that 900 be the only dialing prefix that may be used for interstate pay-per-call service. Under such a scheme, customers are more likely to be familiar with the nature and the attendant pricing structure of the services being used.

The Commission, however, should be aware that in the new pay-per-call regulatory environment, customers will be entering into a variety of presubscription arrangements with IPs and service bureaus. Under these arrangements, customers will be using a form of credit card or PIN number to gain access to the services. The Commission should make sure that any 900 number blocking schemes which may be set up do not impede presubscribed customers from availing themselves of the easy access to pay-per-call services for which they have contracted.

Identification of Information Calls on LEC Bills

VRS believes that the Commission's rules should state that all non-VRS calls, including tariffed or presubscribed whether a customer's service is interrupted or disconnected. Traditionally, the LECs control this area by using the 900 prefix to separate out pay-per-call charges from other charges. Under a new regime in which calling cards are used for information service calls, it is unclear how the LECs will be able to separate these charges from routine MTS calling card charges. For instance, all of the interexchange carriers ("IXCs") currently offer information services via 800 number access to their networks. Unless non-MTS calls are identified on the bill where the IXC in a particular area uses LEC billing, LECs will not be able to prevent disconnection of service for non-payment of the information portion of the bill.

Because certain LECs have the demonstrated ability to employ a different call record type to identify pay-per-call services and because this record type is available for non-900 prefix calls, the FCC could require the identification of non-MTS calls where -- as in a number of places -- it is technically feasible. Separating out on the bill page such highly regulated and yet persistently troublesome calls[4] like collect audiotext calls might make such calls less problematic for the Commission.

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[4] NPRM, p. 9, fn. 15.

<u>Optional Blocking</u>

While, under the terms of the TDDRA and the FCC's proposed regulations, the LECs are the only entities specifically required to offer blocking, VRS suggests that the Commission require interexchange carriers and the service providers to provide specific number blocking at no charge and upon written request by end users who request it. Such blocking is currently technically feasible.[5] In addition, the Commission should mandate that all providers of pay-per-call services subscribe to widely available validation services. The Commission should set a date by which providers of pay-per-call services must have available specific ANI blocking, blocking by terminating number, blocking for non-payment of legitimate charges and other similar forms of blocking.

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[5] In their submissions in this proceeding, a number of commenters noted that phone companies currently lack the technical ability to provide specific number blocking. <u>Sprint Comments</u> at 14; <u>Ameritech Comment</u> at 3; <u>Bell Atlantic Comments</u> at 5; <u>GTE Comments</u> at 7; <u>Southwestern Bell Comments</u> at 3; <u>USTA Comments</u> at 4; <u>Pacific Bell Comments</u> at 5; <u>NYNEX Comments</u> at 3. While VRS agrees that the phone companies themselves cannot now provide specific number blocking, it disagrees with the implication that technology prevents specific number blocking from being offered to the public. Most service bureaus do have the capability to offer specific number blocking. Under an arrangement where IXCs and LECs are required to pass on to the service bureaus specific number blocking requests, the service bureaus will be able -- with the technology currently available to them -- to honor such requests.

The above-described enhanced blocking regime would enhance customer control over their phones and would thus foster goodwill between the pay-per-call industry and its customers. Significantly, the cost of instituting this regime would be no higher than the cost of providing the validation services which are in widespread use in the operator services marketplace. The regime would, in fact, employ the same technology currently used in providing operator services to the public.

Treatment of LEC Calling Cards

VRS believes that the disclosure of either a credit card or a calling card number should be considered an acceptable method of payment under the proposed rules and 47 C.F.R. §64.201(a)(2). As calling cards come within the ambit of Regulation Z, those cards need not be treated any differently from credit cards by the Commission.[6] Accordingly, there is no reason for LEC's to exercise any selectivity in deciding whether or not to bill for certain calls based upon their content. All calls charged to a credit card or to a calling card can and should be billed.

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[6] See Pilgrim Telephone Comments at 7-17.

Collect Call Back Billing

VRS believes that blanket prohibitions against certain types of calls are unwarranted. VRS, for example, used a collect call back process as part of its business. When a VRS customer wished to avail itself of that process, VRS required not only that the customer adhere to all the applicable rules, but also that there be a "double positive acceptance" before the calls were completed. Callers would hear all the disclosures of a 900 number call and would have to take affirmative action before a return call would be placed (e.g., press #) and again before the return call would begin assessing charges.[7] This is much more consumer protective than the passive approach of traditional 900 service.[8] These calls should continue to be permissible, with the protections described. The TDDRA requires the prohibition of "collect" return calls for information services, but not necessarily all forms of IP originated information calls. If the return calls are not "collect" calls but information service calls, and are billed as such,

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[7] In its Comments, Summit Telecommunications comprehensively outlines a similar protective approach to collect callback services.

[8] Such an approach would meet the concerns of NAAG regarding collect callback services because the consumer would be "clearly and conspicuously notified of the cost per minute prior to accepting the collect call." <u>See National Association of Attorneys General Comments</u> at 15.

consumer confusion will be reduced[9] and the requirements of the TDDRA will be met.

Reverse Blocking

VRS joins NAIS, GTE and BellSouth in strongly supporting the Commission's proposal that carriers and other providers of pay-per-call services be allowed to block the access to the services of customers who do not pay for their [illegible][10] [illegible]